

CITY OF BELMONT NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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The City of Belmont was incorporated as a general law city in 1926. The City operates under the Council-Manager form of government and is governed by a five member council elected by the City's voters. The City provides the following services: public safety (police), highways and streets, sewer, storm drainage, recreation, public improvements, planning and zoning, building inspections, general administration services, and redevelopment.

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below:

A. *Reporting Entity*

The financial statements of the City of Belmont include the financial activities of the City, the City of Belmont Redevelopment Agency, the Belmont Fire Protection District and the Belmont Joint Powers Financing Authority. All of these entities are controlled by and dependent on the City and their financial activities have been aggregated and merged (termed "blended") with those of the City in the accompanying financial statements.

The **City of Belmont Redevelopment Agency** is a separate government entity created in 1981 under the provisions of the Community Redevelopment Law (California Health and Safety Code) to assist in revitalizing of areas within the City of Belmont which are determined to be in a declining condition. The Agency is controlled by the City and has the same governing board as the City, which also performs all accounting and administrative functions for the Agency. The financial activities of the Agency have been included in these financial statements in the Redevelopment Agency and Low and Moderate Income Housing Special Revenue Funds, the Redevelopment Agency Debt Service Fund, and the General Fixed Asset and Long-Term Obligations Account Groups.

The **Belmont Fire Protection District** is a special district created under the general laws of California to provide fire protection services to City residents. The District is controlled by the City and has the same governing board as the City, which also performs all accounting and administrative functions for the District. The financial activities of the District have been included in these financial statements in the Belmont Fire Protection District Special Revenue Fund.

The **Belmont Joint Powers Financing Authority** is a separate government entity whose purpose is to assist with the financing certain public capital facilities for the City and Agency through the issuance of bonds or other forms of debt. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority.

Separate financial statements for the Redevelopment Agency are issued and may be obtained from the City of Belmont, Finance Department at 1070 Sixth Avenue, Belmont, California, 94002.

B. *Fund Accounting*

In order to ensure the proper identification of individual revenue sources and the expenditures made from those revenues, the accounts of the City are organized on the basis of individual funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The City's resources are accounted for in these individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled.

<p style="text-align: center;">CITY OF BELMONT NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS</p>
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<p>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</p>

In the *Combined Financial Statements*, these funds are grouped into the fund types and categories discussed below. The financial statements for each individual fund in each fund type are presented in the Combining Financial Statements section of this report.

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources for this Fund are property taxes, sales taxes, unrestricted revenues from the State, fines and forfeitures and interest income. Expenditures are made for public safety, most street work and other services not required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds - Debt Service Funds are used to account for financial resources to be used for the payment of principal and interest on long-term debt.

Capital Project Funds - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the City is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

FIDUCIARY FUNDS

Agency Funds - Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

C. Measurement Focus

All governmental funds are accounted for on a spending or *financial flow* measurement focus which means that only *current* assets and *current* liabilities are generally included on their balance sheets. Their reported fund balance is their net current assets, which is considered only to be a measure of *available spendable resources*. Governmental fund operating statements present a summary of sources and uses of available spendable resources during a period by presenting increases and decreases in net current assets.

In those cases when a governmental fund records a long term receivable or other non-current asset, an offsetting credit is made to undesignated fund balance and the account is reduced to reflect the fact that this amount is not yet available.

CITY OF BELMONT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Because of their spending measurement focus, governmental funds exclude fixed assets and noncurrent liabilities. Instead, these assets and liabilities are reported in the General Fixed Assets Account Group and the General Long-Term Obligations Account Group. These account groups measure only financial position; they are not funds and they do not measure results of operations. They maintain accounting control over the City's governmental fund fixed assets and City debt which will be repaid by governmental funds.

Proprietary funds are accounted for on a cost of services or capital maintenance measurement focus, which means that all assets and all liabilities associated with their activity are included on their balance sheets. Their reported fund equity is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total assets.

D. Basis of Accounting

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the *modified accrual basis* of accounting. These fund revenues are recognized when they become measurable *and* available as net current assets. Measurable means the amount of the transaction can be determined and available means the amount is collectible within the current period or soon enough thereafter (generally sixty days) to be used to pay liabilities of the current period. Amounts which could not be measured or were not available were not accrued in the governmental funds as revenue in the current fiscal year.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Those revenues susceptible to accrual are property, sales and use, transient occupancy, franchise and gas taxes, intergovernmental revenues and grants, and interest revenue. Fines, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until collected.

Expenditures are also generally recognized under the modified accrual basis of accounting. An exception to this rule is principal and interest on general long-term debt, which is not recognized by debt service funds until it is due. Financial resources usually are appropriated in funds responsible for repaying debt in the period in which maturing debt principal and interest must be paid.

All proprietary funds are accounted for using the *accrual basis* of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The City follows all Governmental Accounting Standards Board pronouncements and only those Financial Accounting Standard Board Statements issued on or before November 30, 1989 which do not conflict with Governmental Accounting Standards Board Statements.

E. Revenue Recognition for Enterprise Funds

Sewer and Storm Drain user fee revenues are placed on the county tax rolls. The County bills customers annually and requires payment prior to year end. As of year end there were no material uncollected sewer or storm drain user fees.

CITY OF BELMONT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Tax

San Mateo County assesses properties and it bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. Collection of delinquent accounts is the responsibility of the County which retains all penalties.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above, generally within sixty days.

G. Compensated Absences

Compensated absences represent unpaid vacation and the vested portion of sick leave, which are accrued as earned. Employee bargaining unit agreements specify the vested portion of unused sick leave which accumulates and is paid at time of termination of City employment. Governmental funds' liability for compensated absences is recorded in the General Long Term Obligation Account Group since these amounts are not expected to be repaid from available spendable resources. Proprietary funds' liability for compensated absences is recorded in each proprietary fund. The liability for compensated absences is determined annually; the net increase in the liability was \$45,291 at June 30, 2001.

H. Total Columns on Combined Financial Statements

Although each of the City's funds is a separate accounting entity, the Combined Financial Statements also include total columns, which are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flow in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, since no interfund eliminations have been made in the aggregation of this data.

I. New and Closed Funds

During the fiscal year the City established the Public Safety Grants Special Revenue Fund. The City also closed the AB 434 Grant Special Revenue Fund.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

The City Manager submits to the City Council a proposed annual operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them and is subjected to public hearings where comments are obtained for consideration. The Council adopts the budget through passage of a budget resolution at which time the proposed expenditures become appropriations. The budget is effective the following July 1 and may be amended by subsequent resolutions. The City Manager is authorized to transfer appropriations between any department; however, any revisions which increase the total appropriations of any fund must be approved by the Council. Transfers not included in the original budget must be approved by the Finance Director. Expenditures may not exceed appropriations at the fund level. Unencumbered appropriations lapse at year end. Supplemental appropriations were adopted by the Council and have been included in the budget versus actual statements.

CITY OF BELMONT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

Formal budgetary integration is employed as a management control device. Encumbrance accounting is employed as an extension of formal budgetary integration in all funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and are reappropriated in the following year budget. Budget amounts includes appropriations which are formally integrated into the City's accounting records for all funds except Agency Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds.

Expenditures exceeded budget in the Co-Sponsored Recreation, Belmont Fire Protection District and Redevelopment Agency Special Revenue Fund, Redevelopment Agency Debt Service Fund by \$64,002, \$1,658, \$254 and \$209,962 respectively. Sufficient current or future revenues were available to offset these expenditures.

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except cash with fiscal agent so that it can be invested at the maximum yield, consistent with the principles of safety and liquidity. Individual funds can make expenditures at any time. Investments are carried at fair value.

A. *Categorization of Credit Risk of Securities Instruments*

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. As of year end, in order to maximize security, the City employs the Trust Department of a bank as the custodian of all City managed investments, regardless of their form.

The City categorizes its individual securities instruments in ascending order to reflect the relative risk of loss of these instruments. This risk is called Credit Risk, the lower the number, the lower the risk. The three levels of risk prescribed by generally accepted accounting principles are described below:

Category 1 - Securities instruments in this category are in the City's name and are in the possession of the Trust Department of the bank employed by the City solely for this purpose. The City is the registered owner of securities held in book entry form by the bank's Trust Department (the City's Agent).

Category 2 - Securities instruments and book entry form securities in this category are in the bank's name as the City's agent, but are held by its Trust Department in the City's name.

Category 3 - Investments in this category include only City-owned securities instruments or book entry form securities which were not in the City's name or not held by the bank's Trust Department.

Pooled Investments - Pooled investments are not categorized because of their pooled, rather than individual, nature.

CITY OF BELMONT NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
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NOTE 3 - CASH AND INVESTMENTS

Investments are carried at fair value and were categorized as follows at June 30:

	2001			2000
	Available for Operations	Restricted	Total	
Category 2				
U.S. Treasury Securities		\$2,278,888	\$2,278,888	\$2,173,931
Non-categorized investments:				
Government Securities Mutual Funds		53,343	53,343	305,808
Local Agency Investment Fund	\$24,937,956		24,937,956	23,942,682
Total Investments	24,937,956	2,332,231	27,270,187	26,422,421
Bank balances before reconciling items	4,640,882	2,101,297	6,742,179	7,466,631
Add: deposits in transit	115,702		115,702	550
Deduct: outstanding checks	(404,037)		(404,037)	(718,602)
Cash on hand	2,250		2,250	2,250
Total Cash and Investments	<u>\$29,292,753</u>	<u>\$4,433,528</u>	<u>\$33,726,281</u>	<u>\$33,173,250</u>

The City does not allocate investments by fund. Each Proprietary fund's portion of Cash and Investments Available for Operations is in substance a demand deposit available to finance operations, is considered a cash equivalent and is used in preparing the statement of cash flows.

B. Cash Deposits

The carrying amount of the City's cash deposits was \$4,352,547 at June 30, 2001. Bank balances before reconciling items were \$4,640,881 of which \$100,000 was insured (Category 1), and \$4,540,881 was collateralized by the institution holding the deposit (Category 2). California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all municipal deposits. This collateral remains with the institution, but is considered to be held in the City's name and places the City ahead of general creditors of the institution. The City has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

C. Authorized Investments

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City:

- Local Agency Bonds
- US Treasury Obligations
- State of California Obligations
- CA Local Agency Obligations
- US Agencies
- Bankers Acceptances
- Commercial Paper
- Negotiable Certificates of Deposit

CITY OF BELMONT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 3 - CASH AND INVESTMENTS (Continued)

Repurchase Agreements
Reverse Repurchase Agreements
Medium-Term Notes
Mutual Funds
Money Market Funds
Collateralized Bank Deposits
Mortgage Pass-Through Securities
Time Deposits
County Pooled Investment Funds
Local Agency Investment Fund

D. *Investments Carrying Value*

The City's investments are carried at fair value as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis that is not materially different than fair value. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

NOTE 4 - INTERFUND TRANSACTIONS

A. *Operating Transfers Between Funds*

The purpose of the majority of transfers, called operating transfers, is to reimburse a fund which has made an expenditure on behalf of another fund. Less often, a residual equity transfer may be made to open or close a fund.

CITY OF BELMONT NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
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NOTE 4 - INTERFUND TRANSACTIONS (Continued)
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Operating transfers between funds during the fiscal year ended June 30, 2001 were as follows:

Fund Receiving Transfer	Fund Making Transfer	Amount Transferred
Special Revenue Funds:		
Co-Sponsors/ Recreation Fund	General Fund	\$272,110
Development Services	General Fund	288,804
Supplemental Law Enforcement	General Fund	1,394
Public Safety Grants	Supplemental Law Enforcement Special Revenue Fund	5,297
State Gasoline Tax	General Fund	448,503
Street Improvements - Measure A/Grants	General Fund	21,152
Traffic Mitigation	Street Improvements - Measure A/Grants Special Revenue Fund	76,255
Debt Service Fund:		
General Debt Service	General Fund	418,637
Capital Project Funds:		
City Hall Retrofit/Police Facilities	General Facilities Capital Project Fund	2,503,153
General Facilities	Grade Separation Projects Capital Project Fund	592,165
Planned Park	RDA Projects Capital Project Fund	216,672
Enterprise Fund:		
Storm Drainage	Sewer Enterprise Fund	105,300
Internal Service Fund:		
Facilities Management	General Fund	105,500
		<u>\$5,054,942</u>

B. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2001, interfund balance were as follows:

Interfund Receivable	Interfund Payable	Amount
General Fund		
	Fire Protection District Special Revenue Fund	\$99,538
	COPSMORE 96 Special Revenue Fund	29,514
	Redevelopment Special Revenue Fund	318,442
Capital Project Funds:		
General Facilities	Grade Separation Projects Capital Project Fund	72,685
		<u>\$520,179</u>

C. Long Term Interfund Advances

On May 26, 1992 the City's General Fund borrowed \$999,050 from the Belmont Fire Protection District Special Revenue Fund. Proceeds from the loan were used to finance the acquisition of the Barrett Community Center. Effective February 1999, Council approved the reassignment of this loan to the **Worker's Compensation Internal Service Fund** which paid cash to the Belmont Fire Protection District Special Revenue Fund. The loan bears interest at a rate equal to the rate earned by the District on its investments. Monthly payments amounting to \$9,420 are due and are repayable from general fund revenues. At June 30, 2001 the balance outstanding amounted to \$294,220.

CITY OF BELMONT NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
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NOTE 5 - NOTES RECEIVABLE

Summary of Notes Receivable

Since none of the Notes below are due within the next year, the City has offset them with reservations of fund balance. These notes are summarized below:

Project	Amount
Mid-Peninsula Horizons, Inc.	\$203,985
Mercy Housing Loan	325,000
Owner Occupied Rehabilitation Assistance Program	118,481
Home Buyer Assistance Program	175,107
Peace Officer Down Payment Assistance Program	232,043
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Total notes receivable	\$1,054,616
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On September 30, 1992 the Agency made a loan to **Mid-Peninsula Horizons, Inc.**, a nonprofit corporation, to assist in financing an affordable housing project. The Agency loan is secured by a second deed of trust. The loan bears interest at one percent per annum and is due along with interest in 2039 or the date the project is no longer subject to a related regulatory agreement with HUD, which ever is later.

In March 1995, the Agency loaned \$325,000 to **Mercy Housing California**, a nonprofit corporation, which used the proceeds along with other funds to finance the renovation and rehabilitation of a site used for an AIDS Hospice project. The note is secured by a deed of trust, bears no interest and is due in 2028.

In January 1999, the Agency began funding loans under the **Owner Occupied Rehabilitation Assistance Program**. Proceeds of the loans are used to correct structural, health and safety deficiencies, and for cosmetic improvements for homeowners with very low, low, or moderate incomes. Loans are secured by deeds of trust and bear no interest.

In fiscal 1998-99, the Agency began providing financial assistance for first time home buyers through the **Home Buyer Assistance Program**. Loans provide down payment assistance to qualified home buyers in Belmont. Loans are long-term low interest loans for down payments on the purchase of single-family residences, town homes, or condominiums. Loans are secured by a deed of trust.

In September 1999, the Agency began providing financial assistance for City Peace Officers under **Peace Officer Residential Down Payment Assistance Program**. Loans provide down payments to assist peace officers in locating their primary residence in the City. The term of loan is ten years and it is to be forgiven at a rate of 10% per year with no interest. If the value of the underlying property declines on resale within a 10-year period, then the Agency will share the loss in proportion to each party's contribution to the original purchase price. Loans are secured by a deed of trust. During the fiscal year ended June 30, 2001 the Agency forgave \$30,957 on the three loans outstanding.

NOTE 6 - LAND HELD FOR REDEVELOPMENT

Land held for redevelopment is carried in the financial statements at the lower of cost or estimated net realizable value. At June 30, 2001, land held for redevelopment valued at \$298,748 was recategorized from the Redevelopment Special Revenue Fund to the Redevelopment Capital Projects Fund.

<p style="text-align: center;">CITY OF BELMONT NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS</p>
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<p>NOTE 7 - FIXED ASSETS</p>

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

A. *General Fixed Assets*

The General Fixed Assets Account Group provides accounting control over the cost of fixed assets used by the City's governmental funds. The General Fixed Assets Account Group is not a fund and its balances are not financial resources available for expenditure. Rather, these balances provide an historical accounting record of resources expended on general fixed assets. Public domain (infrastructure) general fixed assets, which include roads, bridges, curbs and gutters, streets and sidewalks and lighting systems, have not been capitalized in the General Fixed Assets. Account Group because these assets are immovable and of value only to the public. No depreciation has been provided on general fixed assets.

B. *Proprietary Fund Type -Enterprise Fund Fixed Assets and Depreciation*

Proprietary (Enterprise) fund fixed assets are recorded at cost and depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of proprietary fund fixed assets equitably among all customers over the life of these assets, so that each customer's bill includes a pro rata share of the cost of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of proprietary fund fixed assets.

Depreciation of all proprietary fund fixed assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the proprietary funds' balance sheet as a reduction in the book value of the fixed assets.

Depreciation of proprietary fund fixed assets in service is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to proprietary fund fixed assets.

Improvements Other than Buildings	25-75 years
Machinery and Equipment	5-25 years

CITY OF BELMONT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 7 - FIXED ASSETS (Continued)
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Fixed assets at June 30 comprise:

	Balance June 30, 2000	Transfers and Additions	Transfers and Retirements	Balance June 30, 2001
General Fixed Assets:				
Land	\$6,443,818	\$132,500		\$6,576,318
Buildings and building improvements	10,446,202	568,958		11,015,160
Improvements other than buildings	64,169			64,169
Machinery and Equipment	1,650,311	65,791		1,716,102
Investment in SCFA - joint venture	4,384,064			4,384,064
Total	<u>\$22,988,564</u>	<u>\$767,249</u>		<u>\$23,755,813</u>
Enterprise Funds:				
Land	\$14,793			\$14,793
Improvements other than buildings	8,495,956			8,495,956
Machinery and Equipment	173,877	\$15,772		189,649
Construction in progress	<u>2,650,521</u>	<u>266,978</u>		<u>2,917,499</u>
Total	11,335,147	<u>\$282,750</u>		11,617,897
Less accumulated depreciation	<u>3,342,812</u>	<u>\$265,930</u>		<u>3,608,742</u>
Net fixed assets	<u>\$7,992,335</u>			<u>\$8,009,155</u>
Internal Service Funds:				
Machinery and Equipment	\$320,323	\$269,498		\$589,821
Vehicles	<u>1,664,800</u>	<u>478,560</u>	\$20,442	<u>2,122,918</u>
Total	1,985,123	<u>\$748,058</u>	<u>\$20,442</u>	2,712,739
Less accumulated depreciation	<u>1,222,801</u>	<u>\$247,924</u>	<u>\$20,442</u>	<u>1,450,283</u>
Net fixed assets	<u>\$762,322</u>			<u>\$1,262,456</u>

NOTE 8 - LONG TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

The General Long Term Obligations Account Group provides accounting control over the principal of the City's general long term debt. This debt will be repaid only out of governmental funds but is not accounted for in these funds because this debt does not require an appropriation or expenditure in this accounting period.

Proprietary Fund (Enterprise) long-term debt is accounted for in the proprietary funds which will repay the debt because these funds are accounted for on the full-accrual basis in a similar manner to commercial operations.

The City's debt issues and transactions are summarized below and discussed in detail thereafter.

CITY OF BELMONT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 8 - LONG TERM DEBT (Continued)

A. Current Year Transactions and Balances

	Balance June 30, 2000	Additions	Retirements	Balance June 30, 2001
Long-Term Bonds Payable:				
Improvement Bonds of 1969, Series A, 7% due serially to 2001	\$25,000		\$25,000	
1996 Series Housing Set-Aside Bonds, 6.5%-7.75%, due serially to 2016	3,010,000		95,000	\$2,915,000
1999 Series A Refunding Bonds, 4.375%-5.7%, due serially to 2029	15,490,000		260,000	15,230,000
1999 Series B Subordinated Bonds, 3.6%-5.8%, due serially to 2029	8,725,000		105,000	8,620,000
Interfund:				
Advances from the City:				
LAIF rate, due as available		\$524,351	396,941	127,410
Note Payable:				
Oracle Owner Participation Agreement				
LAIF rate, due 2025	3,000,000		312,396	2,687,604
Total	<u>\$30,250,000</u>	<u>\$524,351</u>	<u>\$1,194,337</u>	<u>\$29,580,014</u>

B. Summary of Debt Issues

On June 10, 1969 the City issued \$400,000 principal amount of **Improvement Bonds of 1969, Series A**. Proceeds from the Bonds were used to pay for the costs of acquisition, construction and completion of certain improvements to the City sewer system. The Bonds have been repaid as of June 30, 2001.

On April 1, 1996 the Redevelopment Agency issued \$3,265,000 principal amount of Los Costanos Community Development Project Area **Housing Set-Aside Tax Allocation Bonds (Taxable), Series 1996**. Proceeds from the Bonds were used to increase, improve and preserve low and moderate income housing in the project area. Interest is due semiannually on February 1 and August 1 and principal is due annually on August 1 and is repayable from incremental property tax revenues required to be set aside to fund low and moderate income housing projects.

On December 1, 1999 the Redevelopment Agency approved the issuance of \$15,490,000 and \$8,725,000 principal amounts of Los Costanos Community Development Project **Senior Tax Allocation Refunding, Series 1999A and Subordinated Tax Allocation Bonds, Series 1999B**. Proceeds from the 1999A Bonds were used to repay the Note Payable to the City and advance refund the Subordinated Tax Allocation Bonds, Series 1994A and 1992A (Prior Bonds). Series 1999A proceeds along with funds remaining from the Prior Bonds were used to acquire US government securities which were placed in irrevocable trusts to be used to repay all future debt service on the Prior Bonds. The Prior Bonds are considered defeased and have been removed, along with the trusts, from the Agency's financial statements. The balance outstanding on the Prior Bonds at June 30, 2001 was \$10,930,000.

Proceeds from the Series 1999B Bonds are to be used to finance various redevelopment projects. Interest is due semiannually on February 1 and August 1 commencing February 1, 2000 and principal is due annually on August 1 commencing August 1, 2000. Debt service on the 1999A bonds is repayable from incremental property tax revenues, net of low and moderate income housing set-asides required by State law. The 1999B Bonds are subordinated to the Agency's obligation to pay debt service on the 1999A Bonds and certain pass-through amounts owed to other government agencies.

CITY OF BELMONT NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
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NOTE 8 - LONG TERM DEBT (Continued)
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On October 27, 1998 the Agency entered into a **Development Agreement with Oracle Corporation** to develop property owned by Oracle. The City received proceeds of \$3,000,000 from Oracle to be used for the development of roadway improvements adjacent to the property. These amounts will be repaid with future sales tax revenues in excess of \$100,000 annually from the developed area over twenty five years.

The City has a continuing agreement with the Redevelopment Agency under which it advances funds for administrative and project costs incurred during the fiscal year by the Agency. The Agency is obligated to repay the **Advances from the City** plus interest earned at the same rate as the City earns on its investments in the California Local Agency Investment Fund. Repayments are to be made from property tax increment revenues. Prior year advances had been fully repaid at June 30, 2000.

The Agency has **Cash and Investments Held by Trustee** at June 30, 2001 pledged for the payment or security of the Tax Allocation Bonds. The California Government Code requires these funds to be invested in accordance with any applicable City ordinance, resolution or bond indenture, unless there are specific State statutes governing their investment. All these funds have been invested only as permitted by either the above Code or applicable trust agreement.

C. Debt Service Requirements

Annual debt service requirements are shown below for all long-term debt with specified repayment terms:

For the Year Ending June 30	Redevelopment Agency Tax Allocation Bonds
2002	\$1,968,537
2003	1,968,310
2004	2,118,475
2005	2,123,629
2006	2,121,599
Thereafter	38,948,535
	<u>49,249,085</u>
Less amount representing interest	<u>22,484,085</u>
Principal amount due	<u><u>\$26,765,000</u></u>

NOTE 9 - FUND EQUITY

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

Fund Balances

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds. The City cannot modify or remove these restrictions or reserves.

CITY OF BELMONT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 9 - FUND EQUITY (Continued)

Designations are imposed by City Council to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Council action.

Reserves for **prepaid expenditures, long term interfund receivables, and land held for redevelopment** are the portions of fund balance set aside to indicate these items do not represent available, spendable resources even though they are a component of assets.

Reserve for **encumbrances** represents the portion of fund balance set aside for open purchase orders.

Reserve for **debt service** is the portion of fund balance legally restricted for the payment of principal and interest on long term liabilities.

Reserve for **capital projects** is the portion of fund balance or retained earnings legally restricted for use on capital outlay projects.

Reserve for **advance to other funds** are the portion of fund balance is not available for current expenditure because of the long-term nature of these advances

Designated for **capital projects** is the portion of fund balance to be used for budgeted future capital outlay projects.

Designated for **debt service** is the portion of fund balance restricted for the payment of principal and interest on long term liabilities.

NOTE 10 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains three enterprise funds. These funds are intended to be self-supporting, through user fees charged for services rendered. Segment information for these funds for the year ended June 30, 2001 follows:

	Sewer	Storm Drainage	Total
Operating revenues	\$3,113,206	\$380,929	\$3,494,135
Depreciation expense	234,090	31,840	265,930
Operating income (loss)	(635,428)	(129,949)	(765,377)
Net loss from JPA	(342,254)		(342,254)
Nonoperating revenues (expense), net	(264,193)	30,052	(234,141)
Net income (loss)	(1,004,921)	5,403	(999,518)
Fixed assets additions, net	(173,025)	(109,725)	(282,750)
Net working capital (deficiency)	211,048	108,203	319,251
Total assets	12,775,456	673,895	13,449,351
Total equity	12,481,579	627,416	13,108,995

CITY OF BELMONT NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
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NOTE 11 - RETIREMENT BENEFITS

A. CALPERS Safety and Miscellaneous Employees Plans

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS) an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2001, are summarized as follows:

	<u>Safety (Police)</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of annual salary	2%-2.7%	1.426%-2.418
Required employee contribution rates	9%	7%
Required employer contribution rates	0%	0%

All qualified permanent and probationary employees are eligible to participate in CALPERS. A credited service year is one year of full time employment. The City's labor contracts require it to pay the employees contributions as well as its own. These benefit provisions and all other requirements are established by state statute and City ordinance. Contributions necessary to fund CALPERS on an actuarial basis are determined by CALPERS and its Board of Administration.

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the years ended June 30, 2001, 2000 and 1999 amounted to \$554,286, \$592,177 and \$1,004,887, respectively.

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 8.25% is assumed, including inflation rate at 3.5%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

CITY OF BELMONT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 11 - RETIREMENT BENEFITS (Continued)

CALPERS' latest available actuarial value (which differs from market value) and funding progress are set forth below at their actuarial valuation date of June 30:

Safety Plan:

Actuarial						Unfunded
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	(Overfunded) Liability as % of Payroll
1997	\$11,908,661	\$13,236,289	(\$1,327,628)	111.1%	\$1,733,758	(76.575%)
1998	13,212,401	15,491,838	(2,279,437)	117.3%	1,886,343	(120.839%)
1999	14,223,149	18,029,648	(3,806,499)	126.8%	2,190,808	(173.749%)

Miscellaneous Plan:

Actuarial						Unfunded
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	(Overfunded) Liability as % of Payroll
1997	\$10,643,542	\$12,714,262	(\$2,070,720)	119.5%	\$3,109,893	(66.585%)
1998	11,951,988	15,345,788	(3,393,800)	128.4%	3,872,105	(87.647%)
1999	13,357,945	17,647,404	(4,289,459)	132.1%	4,538,137	(94.520%)

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

The market value of the net assets held for pension benefits in the Plans changed as follows during the year ended June 30, 1999, the latest available:

	Safety	Miscellaneous
Beginning Balance 6/30/98	\$16,348,661	\$15,345,788
Contributions received	434,621	583,665
Benefits and Refunds Paid	(661,407)	(454,321)
Miscellaneous adjustments	(2)	1
Expected Investment Earnings Credited	1,339,595	1,271,257
Expected Actuarial Value of Assets 6/30/99	<u>\$17,461,468</u>	<u>\$16,746,390</u>
Market Value of Assets 6/30/99	<u>\$19,166,008</u>	<u>\$19,449,434</u>
Actuarial Value of Assets 6/30/99	<u>\$18,029,648</u>	<u>\$17,647,404</u>

<p style="text-align: center;">CITY OF BELMONT NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS</p>
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NOTE 11 - RETIREMENT BENEFITS (Continued)
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B. *Postemployment Health Care Benefits*

The City pays a portion of insurance premiums to provide health care benefits for retired employees as required by bargaining unit agreements. Current City employees who retire after reaching age 50 with at least 10 to 15 years of service are eligible for benefits. The cost of retiree health care benefits is recognized as an expenditure as health care premiums are paid. During the year ended June 30, 2001 the City paid \$158,835 on behalf of 52 retirees who were participating in the plan.

C. *Deferred Compensation Plan*

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The City has no liability for any losses incurred by the Plan and does not participate in any gains, but it does have the duty of due care that would be required of an ordinary prudent investor. The City has contracts with various Administrators to manage and invest the assets of the Plan. The administrators pool the assets of the Plan with those of other participants and do not make separate investments for the City. The assets in the Plan are the sole property of the participants or their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements. The Plan requires investments to be stated at fair market value and it requires all gains and losses on Plan investments to accrue directly to Participants accounts.

NOTE 12 – RISK MANAGEMENT

A. *Liability Coverage*

The City purchases commercial insurance against general liability with coverage of \$20,000,000 per occurrence above the City's \$75,000 self-insured retention, automotive liability with coverage of \$1,000,000, above the City's self-insured retention of \$10,000 and property with coverage at the replacement value of the property above the City's self-insured retention of \$5,000.

B. *Workers Compensation Coverage*

Effective July 1, 1996 the City purchases commercial insurance for workers compensation coverage up to statutory limits. The City has no deductible for these losses. Prior to that date the City was self insured or had a deductible of \$275,000 on workers' compensation.

C. *Liability for Uninsured Claims*

The City provides for the uninsured portion of claims and judgments in the Workers' Compensation and General Liability Internal Service Funds. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed, above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims.

For the years ended June 30, 2001, 2000 and 1999 the amount of settlement did not exceed insurance coverage.

CITY OF BELMONT NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
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NOTE 12 – RISK MANAGEMENT (Continued)
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The City's liability for uninsured claims is limited to workers' compensation and general liability claims, as discussed above, and was estimated by management based on prior years claims experience as follows:

	<u>2000-2001</u>	<u>1999-2000</u>	<u>1998-1999</u>
Balance, July 1	\$671,284	\$1,160,163	\$991,379
Net change in liability for claims and claims paid but not reported	19,230	128,187	823,134
Claims paid	<u>(171,514)</u>	<u>(617,066)</u>	<u>(654,350)</u>
Balance, June 30	<u><u>\$519,000</u></u>	<u><u>\$671,284</u></u>	<u><u>\$1,160,163</u></u>

NOTE 13 – JOINT VENTURES

The City participates in the joint ventures discussed below through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint venture is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint venture, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these joint ventures are not the City's responsibility and the City generally does not have an equity interest in the assets of each joint venture except upon dissolution of the joint venture.

A. Equity interests

The City has recorded its equity interest in the follow joint ventures:

South County Fire Authority (SCFA) was formed in 1979 between the Cities of San Carlos and Belmont on an equal basis to provide more efficient fire protection services for the two cities. Any assets used by the Fire Authority but owned by the member agencies prior to the creation of the Fire Authority remain the property of the members. Each member contributes its pro rata share of operating costs to the Fire Authority. The City contributed \$3,775,000 to the Fire Authority for the year ended June 30, 2001 for fire protection services. Financial statements may be obtained by mailing a request to South County Fire Authority, Inc., 666 Elm Street, San Carlos, CA 94070.

The City's has an equity interest in one half of the assets of SCFA which are composed principally of general fixed assets. The City has recorded its equity interest in SCFA in the General Fixed Account Group, details of which is disclosed in Note 7.

<p style="text-align: center;">CITY OF BELMONT NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS</p>
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NOTE 13 – JOINT VENTURES (Continued)

South Bayside System Authority (SBSA) was formed in 1975 between the Cities of San Carlos, Belmont and Redwood City and the Menlo Park Sanitary District to operate a wastewater treatment facility commonly known as South Bayside System Authority. The cost of operating and maintaining the facility is divided in proportion to the volume of sewage entering from each member entity. The City's contribution toward the cost of operating and maintaining the facility during the year ended, June 30, 2001 was \$876,672. Financial statements may be obtained by mailing a request to the South Bayside System Authority, 1400 Radio Road, Redwood City, CA 94065.

The City's has an equity interest in the assets of SBSA which has been recorded as Investment in SBSA in the Sewer Operations Enterprise Fund. As of June 30, 2001 the City's equity amounted to \$4,886,873.

B. *Jointly Governed Organizations*

The City also participates in the following jointly governed organization under which it is obligated to fund annual operating costs, but there is no on going equity interest in the assets of the organizations:

Family and Community Enrichment Services, Inc., was formed in 1988 between the Cities of Belmont and San Carlos, the Unified School Districts of Belmont and San Carlos and the Sequoia Union High School District to prevent students from dropping out of school. FACES budgets for its annual expenses and then seeks funding from grants and the public. Based on the level of service provided to each agency, the members contribute any remaining operating needs. Financial statements may be obtained by mailing a request to Family and Community Enrichment Services, Inc., 1607 Industrial Way, Belmont, CA 94002.

City/County Association of Governments of San Mateo County (C/CAG) was formed in 1990 between the various cities in San Mateo County to prepare, adopt, monitor and enforce state mandated plans for the management of traffic congestion, integrated solid waste, airport land use and hazardous waste. The City's contribution to C/CAG was \$19,992 for the year ended June 30, 2001. Financial statements may be obtained by mailing a request to the City San Carlos, 666 Elm Street, San Carlos, CA 94070.

Inter-City Transportation System Management Agency was formed in 1989 between the Cities of Belmont, Foster City, Redwood City, San Carlos and San Mateo to attempt to mitigate traffic congestion. The Agency is funded through a Countywide sales tax levied for transportation systems improvements.

South Bayside Transfer Station Authority (SBTSA) was established between the Cities of Atherton, Belmont, Burlingame, Foster City, Menlo Park, Redwood City, San Carlos, San Mateo, Hillsborough and East Palo Alto, the County of San Mateo, and Westbay Sanitary District for the purpose of setting up a franchise agreement with Browning-Ferris Industries to provide garbage collection and transfer station services. The Authority will be terminated and the entity South Bayside Waste Management Authority was formed (as discussed below). Financial statements may be obtained by mailing a request to the City San Carlos, 600 Elm Street, San Carlos, CA 94070.

South Bayside Waste Management Authority (SBWMA) is a joint powers agreement formed in October 13, 1999. Members of the South Bayside Waste Management Authority currently include the cities of Atherton, Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, as well as the West Bay Sanitary District and the County of San Mateo. The Members are required by AB939 to reduce, recycle and reuse solid waste generated within their respective jurisdictions and to provide source reduction, recycling and composting activities. The South Bayside Waste Management Authority's purpose is to assist its members in meeting these requirements.

CITY OF BELMONT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 13 - JOINT VENTURES (Continued)

Southern San Mateo Police Authority was established in 1999 pursuant to a joint power agreement to establish, implement, oversee and maintain a consolidated police dispatch and records system for the following municipal members: City of Belmont, City of Foster City, Town of Hillsborough, City of Redwood City, and City of San Carlos. Financial statements may be obtained by mailing a request to the City of Belmont, 1070 Sixth Avenue, Belmont, CA 94002.

NOTE 14 - COMMITMENTS AND CONTINGENT LIABILITIES

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

The City participates in Federal, State and local grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act of 1984 including 1996 amendments and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 15 - GRADE SEPARATION PROJECT

The Ralston, Harbor, Holly grade separation project, which was opened for thru traffic in fiscal 2000, is an overpass that separates CalTrain from surface level traffic on Ralston, Harbor, and Holly Avenues. The City has agreements with the San Mateo County Transportation Authority (SMCTA) and CalTrans under which it reimbursed a significant portion of project costs.

As part of its duties under the agreements, SMCTA reviews grade separation project costs as they are incurred to determine the eligibility of the costs for reimbursement under the various state and local grant agreements. As of the date of this report, project costs, carried on the balance sheet as receivables, remain subject to further review by SMCTA, amounts which may be disallowed cannot be determined at this time.

SMCTA has advanced funds to cover project expenditures until grant reimbursements are received. These balances are presented as Advance from SMCTA in the accompanying financial statements in the amount of \$2,034,136 at June 30, 2001.

The City combined for project management purposes with a neighboring City which undertook a related project. Separate financial statements for this Ralston Harbor Holly Grade Separation Project are available at the City of Belmont, Finance Department at 1070 Sixth Avenue, Belmont, California, 94002 and the City of San Carlos, 600 Elm Street, San Carlos, CA, 94070.

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GENERAL FUND

The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as police protection, planning, engineering, public works operations and maintenance, and legal and administrative services.